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SUBJECT: PREMIERS BANFF MEETING, AUG. 10-12

CLASSIFIED BY: Abigail Friedman, Consul General, Quebec City, State.

REASON: 1.4 (b), (d)

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1. (C) Summary: The Council of the Federation, a provincial/territorial forum initiated by Quebec Premier Charest in 2003, will hold its first meeting of 2005, in Banff, August 10-12. Initially greeted with skepticism, the Council proved its worth last fall when it succeeded in hammering out an eventual deal with the GOC on health care funds transfers. At Banff, Canadian Premiers will turn their attention to the federal transfer of funds for post-secondary education. In a meeting with CG Aug. 4, Quebec Minister for Intergovernmental Affairs Benoit Pelletier welcomed the Ambassador's plan to attend the Banff meeting, as it would underscored the growing importance of the Council as an institution that advances Canadian unity. Of all of Canada's Premiers, Charest has the greatest stake in the Council's success, not simply because he created it but because it is the Liberal Party of Quebec's (PLQ) answer to Quebec sovereigntists who argue that Quebec can never get a fair deal working within the Canadian confederation. End summary.

2. (U) CG met with Quebec Minister Benoit Pelletier Aug. 4, to review the agenda and GOQ expectations for the coming Council of the Federation meeting in Banff, Alberta. Pelletier, a constitutional lawyer, took the lead back in 2001 in developing the Council, as chair of the PLQ group under Charest that proposed its creation. Since then, he has been Charest's right-hand man in managing Quebec's relations with the other provinces and with the federal government.

Education

3. (C) Pelletier said the main agenda item at Banff would be federal financing of post-secondary school education. (Comment: This matter is important to all Canadian Premiers but has added resonance for Quebec given widespread student demonstrations here this past spring over cuts in post-secondary school student grants. End comment.) Pelletier said the Premiers want to get the federal government to return to the percentage of federal funding allotted in 1994-95, the last year before the GOC instituted sharp cuts in the education transfer to fix federal budget woes. Pelletier said the Premiers want a transfer a total for all the provinces of 2.2 billion Canadian per year. A "second stage" request would be for the GOC to cover the rise in education costs. Pelletier said that, unlike with the health fund transfer, Quebec is not seeking special consideration ("asymmetric federalism"), given that the GOC is not expected to attach conditions to the transfer, as it did on health care. If the GOC did start tacking on conditions, mused Pelletier, the GOQ would of course challenge that.

International Relations

4. (C) Pelletier did not believe the Council would discuss one of Quebec's key goals: that of advancing the provinces' role in international affairs on matters of provincial concern. Pelletier indicated that this issue is not one that garners much support among the Premiers and for this reason, it was best not to bring it up at the Council at this stage. (Note: A GOQ brochure on the Council states, under the heading "The Challenges of Globalization," that the provinces "must play a greater role on the international stage by participating in the negotiation of agreements related to their jurisdictions, without threatening the cohesiveness of Canada's foreign policy." End note.)

5. (SBU) Pelletier praised the Ambassador's coming participation in the Council's Banff meeting. He characterized U.S. involvement as consistent with the growing appreciation of the forum by the Canadian federal government, as an institution that

strengthens Canadian unity. Other groups, such as Canada's First Nations, also would like to be members of the Council, according to Pelletier. But, he continued, while the Council recognizes the importance of working issues out with the First Nations, the consensus is that it is best not to expand the Council to include First Nations. The compromise: The Council will not technically meet with First Nations representatives at Banff but in Calgary on Aug. 9, immediately prior to the Council meetings.

Other Issues

16. (U) In addition to the education issue on the agenda, Pelletier said the Premiers would discuss:
-- streamlining Canada's labor market (i.e., ways in which to expand the free circulation of workers);
-- relations with the U.S. (Pelletier did not have anything more specific to offer on this); and
-- strengthening the Council's secretariat in Ottawa.
Media Upbeat about Council

17. (U) After an inauspicious start, the Council seems to be gathering in stature. Early media spin on the Council was "new bottle, old wine (sic)" (Montreal Gazette August, 2004). The Gazette viewed the Council as the usual, "premiers snipping at the absent feds while pleading for more money from them." That perception changed over the following months, as the Premiers scored a success in arriving at a common position on the transfer of health care funds. By mid-September 2004, the Globe and Mail was reporting on the new Council's "success" "which has strengthened provincial solidarity." "The Council of the Federation, as a coordinating point for effective policy impact, appears very much to be working." (Globe and Mail, Sept. 14 & 15, 2004.)

Comment

18. (C) Of all the Premiers, Charest has the most at stake in the success of the Council. Having a tough time these days in connecting with Quebec voters, Charest cannot count on the "charisma" factor to win Quebecers over to the federalist cause. To overcome Quebec's many Canada-skeptics, Charest needs to be able to point to concrete wins and to institutions that are seen to be working for Quebec. Most federal structures -- from the constitution, adopted over Quebec's objections, to the Parliament where only the separatist Bloc represents Quebec -- are not presently helping the federalist cause in Quebec. The Council of the Federation at this stage is contributing to Canadian unity and, as such, is a forum we should welcome.

FRIEDMAN